CITIGROUP INC
Form 10-Q
May 02, 2008

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2008

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number 1-9924

Citigroup Inc.

(Exact name of registrant as specified in its charter)

Delaware	**52-1568099**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
399 Park Avenue, New York, New York	**10043**
(Address of principal executive offices)	(Zip Code)

(212) 559-1000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

Common stock outstanding as of March 31, 2008: 5,249,833,103

Available on the Web at www.citigroup.com

Citigroup Inc.

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Part I Financial Information

THE COMPANY

Citigroup Inc. (Citigroup and, together with its subsidiaries, the Company) is a global diversified financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers. Citigroup has more than 200 million customer accounts and does business in more than 100 countries. Citigroup was incorporated in 1988 under the laws of the State of Delaware.

The Company is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System (FRB). Some of the Company's subsidiaries are subject to supervision and examination by their respective federal and state authorities.

This quarterly report on Form 10-Q should be read in conjunction with Citigroup's 2007 Annual Report on Form 10-K. Additional financial, statistical, and business-related information, as well as business and segment trends, is included in a Financial Supplement that was filed as Exhibit 99.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission (SEC) on Apri1 18, 2008.

The principal executive offices of the Company are located at 399 Park Avenue, New York, New York 10043, telephone number 212 559 1000. Additional information about Citigroup is available on the Company's Web site at *www.citigroup.com*. Citigroup's annual report on Form 10-K, its quarterly reports on Form 10-Q, its current reports on Form 8-K, and all amendments to these reports are available free of charge through the Company's Web site by clicking on the "Investor Relations" page and selecting "All SEC Filings." The Securities and Exchange Commission (SEC) Web site contains reports, proxy and information statements, and other information regarding the Company at *www.sec.gov*.

Citigroup was managed along the following segment and product lines through the first quarter of 2008:

The following are the six regions in which Citigroup operates. The regional results are fully reflected in the product results.

(1) Disclosure includes Canada and Puerto Rico.

CITIGROUP INC. AND SUBSIDIARIES

SUMMARY OF SELECTED FINANCIAL DATA

In millions of dollars, except per share amounts	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	% Change
Net interest revenue	**$ 13,473**	$ 10,612	27%
Non-interest revenue	**(254)**	14,847	NM
Revenues, net of interest expense	**$ 13,219**	$ 25,459	(48)%
Operating expenses	**16,216**	15,571	4
Provisions for credit losses and for benefits and claims	**6,026**	2,967	NM
Income (loss) before taxes and minority interest	**$ (9,023)**	$ 6,921	NM
Income taxes (benefits)	**(3,891)**	1,862	NM
Minority interest, net of taxes	**(21)**	47	NM
Net Income (loss)	**$ (5,111)**	$ 5,012	NM
Earnings per share			
Basic	**$ (1.02)**	$ 1.02	NM
Diluted(1)	**(1.02)**	1.01	NM
Dividends declared per common share	**0.32**	0.54	(41)%
At March 31:			
Total assets	**$ 2,199,848**	$ 2,020,966	9%
Total deposits	**831,208**	738,521	13
Long-term debt	**424,959**	310,768	37
Mandatorily redeemable securities of subsidiary trusts	**23,959**	9,440	NM
Common stockholders' equity	**108,835**	121,083	(10)
Total stockholders' equity	**128,219**	122,083	5
Ratios:			
Return on common stockholders' equity(2)	**(18.6)%**	17.1%	
Tier 1 Capital	**7.74%**	8.26%	
Total Capital	**11.22%**	11.48	
Leverage(3)	**4.39%**	4.84	
Common Stockholders' equity to assets	**4.95%**	5.99%	
Dividend payout ratio(4)	**N/A**	53.5	
Ratio of earnings to fixed charges and preferred stock dividends	**0.45x**	1.39x	

(1) Due to the net loss in the first quarter of 2008, basic shares were used to calculate diluted earnings per share. Adding diluted securities to the denominator would result in anti-dilution.

(2) The return on average common stockholders' equity is calculated using net income (loss) minus preferred stock dividends.

(3)

Tier 1 Capital divided by adjusted average assets.

(4)
Dividends declared per common share as a percentage of net income per diluted share. For the first quarter of 2008, the dividend payout ratio was not calculable due to the net loss.

NM
Not meaningful

Certain statements in this Form 10-Q, including, but not limited to, statements made in "Management's Discussion and Analysis," are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors including, but not limited to, those described in Citigroup's 2007 Annual Report on Form 10-K under "Risk Factors" beginning on page 38.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FIRST QUARTER OF 2008 MANAGEMENT SUMMARY

Citigroup reported a $5.1 billion net loss ($1.02 per share) for the first quarter of 2008. The first quarter results were driven by two main factors: write-downs and losses related to the continued disruption in the fixed income markets and higher U.S. consumer credit costs. Results also include a $661 million pretax gain on the sale of Redecard shares and a $633 million increase to pretax earnings for Visa-related items.

Revenues were $13.2 billion, down 48% from a year ago, primarily as a result of a $13.4 billion decrease in CMB revenues, including $6.0 billion in write-downs and credit costs on subprime-related direct exposures, write-downs of $3.1 billion (net of underwriting fees) on funded and unfunded highly leveraged financing commitments, a downward credit value adjustment of $1.5 billion related to exposure to monoline insurers, and write-downs of $1.5 billion on auction rate securities inventory and $1.0 billion on Alt-A mortgage securities.

International Consumer revenues were up 33% and International Global Wealth Management (GWM) revenues more than doubled, reflecting double-digit organic growth and results from Nikko Cordial. U.S. Consumer revenues were up 3% from the prior year, while Alternative Investments recorded negative revenues of $358 million. Transaction Services had another record quarter, with revenues up 42%.

Customer volume growth was strong, with average loans up 17%, average deposits up 16%, and average interest-earning assets up 10%. International Cards purchase sales were up 41%, while U.S. Cards sales were up 4%. In GWM, client assets under fee-based management were up 15%.

Net interest revenue increased 27% from last year, reflecting volume increases across most products. Net interest margin (NIM) in the first quarter of 2008 was 2.83%, up 36 basis points from the first quarter of 2007, reflecting significantly lower cost of funding, partially offset by a decrease in asset yields related to the decrease in the fed funds rate. (See discussion of NIM on page 33).

Operating expenses increased 4% from the first quarter of 2007 (foreign exchange translation accounted for 3%). The major components of the change are $622 million in repositioning charges related to our re-engineering plan, a $250 million reserve related to an offer to facilitate GWM clients' liquidation from a specific Citi-managed fund, a $202 million write-down on the multi-strategy hedge fund intangible asset related to Old Lane and the impact of acquisitions. Partially offsetting these items were the $166 million Visa-related litigation reserve release and a $282 million benefit resulting from a legal vehicle restructuring in our Mexico business. The first quarter of 2007 included a $1.4 billion restructuring charge related to our Structural Expense Initiatives review. Expenses were down 2% from the fourth quarter of 2007.

During the first quarter of 2008, the Company recorded a net build of $1.9 billion to its credit reserves. The build consisted of $1.8 billion in Global Consumer ($1.4 billion in U.S. Consumer and $424 million in International Consumer) and $148 million in Markets & Banking. The Global Consumer loss rate was 2.50%, an 81 basis-point increase from the first quarter of 2007. Corporate cash-basis loans increased $1.5 billion from year-ago levels.

The effective tax rate (benefit) of (43)% in the first quarter of 2008 primarily resulted from the pretax losses in the Company's S&B business taxed in the U.S. (the U.S. is a higher tax jurisdiction). In addition, the tax benefits of permanent differences, including the tax benefit for not providing U.S. income taxes on the earnings of certain foreign subsidiaries that are indefinitely invested, favorably affected the Company's effective tax rate.

Our stockholders' equity and trust preferred securities were $152.2 billion at March 31, 2008, reflecting preferred stock issuances of $19.4 billion during the quarter. We distributed $1.7 billion in common dividends to shareholders during the quarter. Citigroup maintained its "well-capitalized" position with a Tier 1 Capital Ratio of 7.74% at March 31, 2008.

We raised an additional $6.0 billion of capital through a preferred stock issuance on April 28, 2008 and sold approximately $4.9 billion of common stock (scheduled to close on May 5, 2008), which includes the over-allotment option that was exercised on May 1, 2008. On a pro forma basis, taking into account the issuances of this preferred and common stock, the Company's March 31, 2008 Tier 1 Capital ratio would have been approximately 8.7%.

On March 31, 2008, we announced a comprehensive reorganization of Citigroup's organizational structure to achieve greater client focus and connectivity, global product excellence, and clear accountability. The new organizational structure will allow us to focus resources towards growth in emerging and developed markets and improve efficiencies throughout the Company.

EVENTS IN 2008

Write-Downs on Subprime-Related Direct Exposures

During the first quarter of 2008, the Company's *S&B* business recorded unrealized losses of $6.0 billion pretax, net of hedges, on its subprime-related direct exposures.

The Company's remaining $29.1 billion in U.S. subprime net direct exposure in *S&B* at March 31, 2008 consisted of (a) approximately $22.7 billion of net exposures to the super senior tranches of collateralized debt obligations, which are collateralized by asset-backed securities, derivatives on asset-backed securities or both and (b) approximately $6.4 billion of subprime-related exposures in its lending and structuring business. See "Exposure to U.S. Residential Real Estate" on page 22 for a further discussion of such exposures and the associated losses recorded during the first quarter of 2008.

Write-Downs on Highly Leveraged Loans and Financing Commitments

Due to the continued dislocation of the credit markets and the reduced market interest in higher risk/higher yield instruments that began during the second half of 2007, liquidity in the market for highly leveraged financings has declined significantly.

Citigroup's exposure to highly leveraged financings totaled $38 billion at March 31, 2008 ($21 billion in funded and $17 billion in unfunded commitments). This compares to total exposure of $43 billion ($22 billion in funded and $21 billion in unfunded commitments) at December 31, 2007. During the first quarter of 2008, the Company recorded a $3.1 billion pretax write-down on these exposures, net of underwriting fees.

Since March 31, 2008, the Company transferred approximately $12 billion of loans to third parties, of which $8.5 billion relates to the highly leveraged loans and commitments. This structure allows Citigroup to lock in the sales proceeds and significantly reduces further downside price risk associated with these commitments. See "Highly Leveraged Financing Commitments" on page 56 for further discussion.

Write-Downs on Monoline Insurers

During the first quarter of 2008, Citigroup recorded pretax write-downs on credit market value adjustments (CMVA) of $1.5 billion on its exposure to monoline insurers. The CMVA is calculated by applying the counterparty's current credit spread to the expected exposure on the trade. The majority of those receivables relate to hedges on super senior positions that were executed with various monoline insurance companies. During the quarter, credit spreads on monoline insurers continued to widen and expected exposures increased. See "Direct Exposure to Monolines" on page 24 for a further discussion.

Write-downs on Auction Rate Securities

As of March 31, 2008 the Company reported $6.5 billion of auction rate securities classified as Trading assets. During the first quarter of 2008, S&B recorded $1.5 billion of pretax write-downs on auction rate securities, primarily due to failed auctions as liquidity diminished because of deterioration in the credit markets.

Write-downs on Alt-A Mortgage Securities in S&B

During the first quarter of 2008, Citigroup recorded pretax losses of approximately $1.0 billion, net of hedges, on Alt-A mortgage securities held in S&B. For these purposes, Alt-A mortgage securities are non-agency residential mortgage-backed securities (RMBS) where: (1) the underlying collateral has weighted average FICO scores between 680 and 720 or, (2) for instances where FICO scores are greater than 720, RMBS have 30% or less of the underlying collateral comprised of full documentation loans.

The Company had $18 billion in Alt-A mortgage securities carried at fair value at March 31, 2008 in S&B, which decreased from $22 billion at December 31, 2007. Of the $18 billion, $4.7 billion was classified as Trading assets, on which $900 million of fair value write-downs, net of hedging, were recorded in earnings, and $13.6 billion were classified as available-for-sale investments, on which $120 million of write-downs were recorded in earnings due to other than temporary impairments. In addition, $2.0 billion of pretax fair value write-downs were recorded in Accumulated Other Comprehensive Income (OCI).

Write-Downs on Commercial Real Estate Exposures

S&B's commercial real estate exposure can be split into three categories: assets held at fair value, loans and commitments, and equity and other investments. For the assets held at fair value, (which includes a $2 billion portfolio of available-for-sale securities), Citigroup recorded a

$600 million of fair value write-downs, net of hedges, during the first quarter of 2008. See page 24 for a discussion of Citigroup's exposure to commercial real estate.

Credit Reserves

During the first quarter of 2008, the Company recorded a net build of $1.9 billion to its credit reserves. The build consisted of $1.8 billion in Global Consumer ($1.4 billion in U.S. Consumer and $424 million in International Consumer) and $148 million in Markets & Banking.

The $1.4 billion build in U.S. Consumer primarily reflected a weakening of leading credit indicators, including higher delinquencies on first and second mortgages, unsecured personal loans, credit cards and auto loans. Reserves also increased due to trends in the U.S. macro-economic environment, including the housing market downturn and rising unemployment rates, as well as portfolio growth.

The $424 million build in International Consumer was primarily driven by Mexico and India cards and India consumer finance, as well as by acquisitions and portfolio growth.

The build of $148 million in Markets & Banking primarily reflected an increase for specific counterparties.

Visa Restructuring and Litigation Matters

During the first quarter of 2008, Citigroup recorded a $633 million increase to pretax income resulting from events surrounding Visa. These events include (1) a $359 million gain on the redemption of Visa shares primarily recorded in *U.S. Consumer*; (2) a $108 million gain from an adjustment of the regional share allocation related to the fourth quarter 2007 Visa reorganization primarily recorded in *International Consumer*; and (3) a $166 million reduction of litigation reserves that were originally booked in the fourth quarter of 2007 primarily in *U.S. Consumer*.

Repositioning Charges

In the first quarter of 2008, Citigroup recorded repositioning charges of $622 million related to Citigroup's ongoing reengineering plan, which will result in certain branch closings and headcount reductions of approximately 9,000 employees.

Sale of Redecard Shares

In the first quarter of 2008, Citigroup sold approximately 46.8 million Redecard shares, which decreased Citigroup's ownership in Redecard from approximately 23.9% to approximately 17%. An after-tax gain of $426 million ($661 million pretax) was recorded in the *International Cards* business.

Support of Structured Investment Vehicles (SIVs)

On December 13, 2007, the Company announced a commitment to provide support facilities to its Citi-advised Structured Investment Vehicles (SIVs) for the purpose of resolving the uncertainty regarding the SIVs' senior debt ratings. As a result of this commitment, the Company consolidated the SIVs' assets and liabilities onto Citigroup's Consolidated Balance Sheet.

On February 12, 2008, the Company finalized the terms of these support facilities, which take the form of a commitment to provide $3.5 billion of mezzanine capital to the SIVs. During March 2008, five of the six facilities were drawn in the aggregate amount of $3.4 billion.

For the first quarter of 2008, the Company recorded pretax trading account losses of $212 million related to these consolidated SIVs. See page 54 for further discussion.

Banamex Legal Vehicle Reorganization

During the first quarter of 2008, Banamex completed a legal vehicle reorganization. As a result, Citigroup recognized an operating expense reduction of $282 million, primarily in *International Consumer.*

Citi-Managed Fund Reserve

In the first quarter of 2008, GWM offered to facilitate the liquidation of its clients' investments in the Falcon multi-strategy fixed income funds (Falcon Funds) that have been negatively affected by recent market stress in certain fixed income assets. As a result, GWM recorded a $250 million reserve to cover the estimated cost of these arrangements.

Write-down of Intangible Asset Related to Old Lane

As a result of the Old Lane hedge fund notifying its investors that they will have the opportunity to redeem their investments, without restriction, effective July 31, 2008, CAI recorded a pretax write-down of $202 million during the first quarter of 2008 of intangible assets related to this multi-strategy hedge fund. In April 2008, substantially all unaffiliated investors had notified Old Lane of their intention to redeem their investments. See note 10 on page 74 for additional information.

Issuance of Preferred Stock

During the first quarter of 2008, the Company enhanced its capital base by issuing $12.5 billion of 7% convertible preferred stock in a private offering, and $3.2 billion of 6.5% convertible preferred stock in public offerings, and $3.715 billion of 8.125% of non-convertible preferred stock in public offerings. See Note 12 on page 78 for further information.

Nikko Cordial

Citigroup began consolidating Nikko Cordial's financial results and the related minority interest on May 9, 2007, when Nikko Cordial became a 61%-owned subsidiary. Citigroup later, in 2007, increased its ownership stake in Nikko Cordial to approximately 68%. Nikko Cordial results are included within Citigroup's *Securities and Banking, Smith Barney* and International Consumer businesses.

On January 29, 2008, Citigroup acquired the remaining Nikko Cordial shares outstanding by issuing 175 million Citigroup common shares (approximately $4.4 billion based on the exchange terms) in a public transaction in exchange for those Nikko Cordial shares.

Acquisition of Banco de Chile's US Branches

In 2007, Citigroup and Quiñenco entered into a definitive agreement to establish a strategic partnership that combines Citigroup operations in Chile with Banco de Chile's local banking franchise to create a banking and financial services institution with approximately 20% market share of the Chilean banking industry. The transaction closed on January 1, 2008.

Under the agreement, Citigroup contributed Citigroup's Chilean operations and other assets, and acquired an approximate 32.96% stake in LQIF, a wholly owned subsidiary of Quiñenco that controls Banco de Chile, and is accounted for under the equity method of accounting. As part of the overall transaction, Citigroup also acquired the U.S. branches of Banco de Chile for approximately $130 million. Citigroup has entered into an agreement to acquire an additional 17.04% stake in LQIF for approximately $1 billion within three years. The new partnership calls for active participation by Citigroup in the management of Banco de Chile including board representation at both LQIF and Banco de Chile.

Sale of CitiCapital

On April 17, 2008, Citigroup signed an agreement to sell CitiCapital, the equipment finance unit in North America. The sale consists of net assets of approximately $13 billion and will result in an after-tax loss of approximately $325 million, subject to closing adjustments. The loss will be recorded in the second quarter of 2008 and the sale is expected to close in the third quarter of 2008.

Sale of Citi Street

On May 2, 2008, Citigroup and State Street Corporation announced that they have entered into a definitive agreement to sell CitiStreet, a benefits servicing business, to ING Group in an all-cash transaction valued at $900 million. CitiStreet is a joint venture formed in 2000, which is owned 50 percent each by Citi and State Street. The acquisition is expected to close, pending customary closing conditions, by the end of the third quarter of 2008. The sale will result in an after-tax gain of approximately $200 million to Citigroup, subject to closing adjustments, which will be recorded at the time of closing.

SEGMENT, PRODUCT AND REGIONAL NET INCOME AND REVENUE

The following tables show the net income (loss) and revenues for Citigroup's businesses on a segment and product view and on a regional view:

Citigroup Net Income Segment and Product View

In millions of dollars	First Quarter 2008	First Quarter 2007(1)	% Change
Global Consumer			
U.S. Cards	**$ 595**	$ 897	(34)%
U.S. Retail Distribution	**101**	388	(74)
U.S. Consumer Lending	**(476)**	359	NM
U.S. Commercial Business	**59**	81	(27)
Total U.S. Consumer(2)	**$ 279**	$ 1,725	(84)%
International Cards	**$ 703**	$ 388	81%
International Consumer Finance	**(168)**	25	NM
International Retail Banking	**728**	540	35
Total International Consumer	**$ 1,263**	$ 953	33%
Other	**$ (108)**	$ (85)	(27)%
Total Global Consumer	**$ 1,434**	$ 2,593	(45)%
Markets & Banking			
Securities and Banking	**$ (6,401)**	$ 2,211	NM
Transaction Services	**732**	449	63%
Other	**(2)**	1	NM
Total Markets & Banking	**$ (5,671)**	$ 2,661	NM
Global Wealth Management			
Smith Barney	**$ 142**	$ 324	(56)%
Private Bank	**157**	124	27
Total Global Wealth Management	**$ 299**	$ 448	(33)%
Alternative Investments	**$ (509)**	222	NM
Corporate/Other(3)	**(664)**	(912)	27%
Total Net Income (Loss)	**$ (5,111)**	$ 5,012	NM

(1) Reclassified to conform to the current period's presentation.

(2) U.S. disclosure includes Canada and Puerto Rico.

(3)
The 2007 first quarter includes a $1,377 million ($871 million after-tax) Restructuring charge related to the Company's Structural Expense Initiatives project announced on April 11, 2007.

NM
Not meaningful

Citigroup Net Income Regional View

	First Quarter		
In millions of dollars	**2008**	**2007**	**% Change**
U.S.(1)			
Global Consumer	**$ 171**	$ 1,640	(90)%
Markets & Banking	**(5,444)**	1,039	NM
Global Wealth Management	**163**	361	(55)
Total *U.S*.	**$ (5,110)**	$ 3,040	NM
Mexico			
Global Consumer	**$ 340**	$ 372	(9)%
Markets & Banking	**101**	114	(11)
Global Wealth Management	**12**	12	
Total *Mexico*	**$ 453**	$ 498	(9)%
EMEA			
Global Consumer	**$ 66**	$ 83	(20)%
Markets & Banking	**(1,142)**	694	NM
Global Wealth Management	**26**	7	NM
Total *EMEA*	**$ (1,050)**	$ 784	NM
Japan			
Global Consumer	**$ (8)**	$ 45	NM
Markets & Banking	**(145)**	35	NM
Global Wealth Management	**27**		
Total *Japan*	**$ (126)**	$ 80	NM
Asia (Excluding Japan)			
Global Consumer	**$ 370**	$ 383	(3)%
Markets & Banking	**725**	561	29
Global Wealth Management	**56**	65	(14)
Total *Asia*	**$ 1,151**	$ 1,009	14%
Latin America			
Global Consumer	**$ 495**	$ 70	NM
Markets & Banking	**234**	218	7%
Global Wealth Management	**15**	3	NM
Total *Latin America*	**$ 744**	$ 291	NM
Alternative Investments	**$ (509)**	$ 222	NM
Corporate/Other	**(664)**	(912)	27%
Total Net Income (Loss)	**$ (5,111)**	$ 5,012	NM
Total International	**$ 1,172**	$ 2,662	(56)%

	First Quarter		

(1) Excludes Alternative Investments and Corporate/Other, which are predominantly related to the *U.S.* The *U.S.* regional disclosure includes Canada and Puerto Rico. Global Consumer for the *U.S.* includes Other Consumer.

(2) The 2007 first quarter includes a $1,377 million ($871 million after-tax) restructuring charge related to the Company's Structural Expense Initiatives project announced on April 11, 2007.

NM Not meaningful

Citigroup Revenues Segment and Product View

In millions of dollars	First Quarter 2008	First Quarter 2007(1)	% Change
Global Consumer			
U.S. Cards	**$ 3,217**	$ 3,294	(2)%
U.S. Retail Distribution	**2,656**	2,426	9
U.S. Consumer Lending	**1,710**	1,551	10
U.S. Commercial Business	**422**	474	(11)
Total U.S. Consumer(2)	**$ 8,005**	$ 7,745	3%
International Cards	**$ 3,053**	$ 1,739	76%
International Consumer Finance	**809**	890	(9)
International Retail Banking	**3,325**	2,759	21
Total International Consumer	**$ 7,187**	$ 5,388	33%
Other	**$ 15**	$ 4	NM
Total Global Consumer	**$ 15,207**	$ 13,137	16%
Markets & Banking			
Securities and Banking	**$ (6,823)**	$ 7,277	NM
Transaction Services	**2,347**	1,650	42%
Other		(1)	100
Total Markets & Banking	**$ (4,476)**	$ 8,926	NM
Global Wealth Management			
Smith Barney	**$ 2,643**	$ 2,246	18%
Private Bank	**631**	572	10
Total Global Wealth Management	**$ 3,274**	$ 2,818	16%
Alternative Investments	**$ (358)**	$ 562	NM
Corporate/Other	**(428)**	16	NM
Total Net Revenues	**$ 13,219**	$ 25,459	(48)%

(1) Reclassified to conform to the current periods presentation.

(2) U.S. disclosure includes Canada and Puerto Rico.

NM Not meaningful

Citigroup Revenues Regional View

In millions of dollars	First Quarter 2008	First Quarter 2007	% Change
U.S.(1)			
Global Consumer	**$ 8,020**	$ 7,749	3%
Markets & Banking	**(7,466)**	3,683	NM
Global Wealth Management	**2,377**	2,385	
Total *U.S.*	**$ 2,931**	$ 13,817	(79)%
Mexico			
Global Consumer	**$ 1,458**	$ 1,377	6%
Markets & Banking	**203**	227	(11)
Global Wealth Management	**37**	36	3
Total *Mexico*	**$ 1,698**	$ 1,640	4%
EMEA			
Global Consumer	**$ 1,861**	$ 1,446	29%
Markets & Banking	**133**	2,827	(95)
Global Wealth Management	**170**	108	57
Total *EMEA*	**$ 2,164**	$ 4,381	(51)%
Japan			
Global Consumer	**$ 640**	$ 615	4%
Markets & Banking	**202**	212	(5)
Global Wealth Management	**415**		
Total *Japan*	**$ 1,257**	$ 827	52%
Asia			
Global Consumer	**$ 1,691**	$ 1,359	24%
Markets & Banking	**1,827**	1,404	30
Global Wealth Management	**212**	234	(9)
Total *Asia*	**$ 3,730**	$ 2,997	24%
Latin America			
Global Consumer	**$ 1,537**	$ 591	NM
Markets & Banking	**625**	573	9%
Global Wealth Management	**63**	55	15
Total *Latin America*	**$ 2,225**	$ 1,219	83%
Alternative Investments	**$ (358)**	$ 562	NM
Corporate/Other	**(428)**	16	NM
Total Net Revenues	**$ 13,219**	$ 25,459	(48)%
Total International	**$ 11,074**	$ 11,064	

	First Quarter		

(1)
Excludes Alternative Investments and Corporate/Other, which are predominantly related to the *U.S.* The *U.S.* regional disclosure includes Canada and Puerto Rico. Global Consumer for the *U.S.* includes Other Consumer.

NM
Not meaningful

GLOBAL CONSUMER

Citigroup's Global Consumer Group provides a wide array of banking, lending, insurance and investment services through a network of 8,441 branches, approximately 20,000 ATMs and 538 Automated Lending Machines (ALMs), the Internet, telephone and mail, and the Primerica Financial Services sales force. Global Consumer serves more than 200 million customer accounts, providing products and services to meet the financial needs of both individuals and small businesses.

In millions of dollars	First Quarter 2008	First Quarter 2007	% Change
Net interest revenue	**$ 8,749**	$ 7,676	14%
Non-interest revenue	**6,458**	5,461	18
Revenues, net of interest expense	**$ 15,207**	$ 13,137	16%
Operating expenses	**7,515**	6,744	11
Provisions for loan losses and for benefits and claims	**5,756**	2,695	NM
Income before taxes and minority interest	**$ 1,936**	$ 3,698	(48)%
Income taxes	**493**	1,095	(55)
Minority interest, net of taxes	**9**	10	(10)
Net income	**$ 1,434**	$ 2,593	(45)%
Average assets *(in billions of dollars)*	**$ 739**	$ 702	5%
Return on assets	**0.78%**	1.50%	
Key Indicators *(in billions of dollars)*			
Average loans	**$ 531.4**	$ 461.8	15%
Average deposits	**312.2**	271.6	15
Total branches	**8,441**	8,140	4

NM Not meaningful

U.S. CONSUMER

U.S. Consumer is composed of four businesses: *Cards, Retail Distribution, Consumer Lending* and *Commercial Business*.

In millions of dollars	First Quarter 2008	First Quarter 2007	% Change
Net interest revenue	**$ 4,353**	$ 4,217	3%
Non-interest revenue	**3,652**	3,528	4
Revenues, net of interest expense	**$ 8,005**	$ 7,745	3%
Operating expenses	**3,827**	3,613	6
Provisions for loan losses and for benefits and claims	**3,771**	1,479	NM
Income before taxes and minority interest	**$ 407**	$ 2,653	(85)%
Income taxes	**124**	920	(87)
Minority interest, net of taxes	**4**	8	(50)
Net income	**$ 279**	$ 1,725	(84)%
Average assets *(in billions of dollars)*	**$ 467**	$ 492	(5)%
Return on assets	**0.24%**	1.42%	
Key Indicators *(in billions of dollars)*			
Average loans	**$ 367.2**	$ 335.8	9%
Average deposits	**122.6**	117.4	4%
Total branches	**3,569**	3,488	2%

NM Not meaningful

1Q08 vs. 1Q07

Net Interest Revenue was 3% higher than the prior year, as growth in average loans and deposits of 9% and 4%, respectively, was partially offset by spread compression.

Non-Interest Revenue increased 4%, primarily due to 4% growth in *Cards* purchase sales, a pretax gain on Visa shares of $349 million, higher gains on sales of mortgage loans, and growth in net servicing revenues in *Consumer Lending*. This increase was partially offset by lower securitization revenues in *Cards* primarily reflecting the impact of higher credit losses in the securitization trusts, as well as the absence of a prior-year $161 million pretax gain on the sale of MasterCard shares.

Operating expense growth of 6% was primarily driven by a repositioning charge of $130 million, volume growth, higher collection costs, acquisitions, and investment spending related to the 176 new branch openings during the past twelve months (99 in CitiFinancial and 77 in Citibank). This increase was partially offset by the $159 million reduction of the Visa-related litigation reserve.

Provisions for loan losses and for benefits and claims increased $2.3 billion, primarily reflecting a weakening of leading credit indicators, including higher delinquencies on first and second mortgages, unsecured personal loans, credit cards and auto loans. Credit costs also increased due to trends in the U.S. macro-economic environment, including the housing market downturn and rising unemployment rates, as well as portfolio growth. The net credit loss ratio increased 109 basis points to 2.39%.

INTERNATIONAL CONSUMER

International Consumer is composed of three businesses: *Cards*, *Consumer Finance* and *Retail Banking*. International Consumer operates in five geographies: *Mexico*, *Latin America*, *EMEA*, *Japan*, and *Asia*.

In millions of dollars	First Quarter 2008	First Quarter 2007	% Change
Net interest revenue	**$ 4,433**	$ 3,489	27%
Non-interest revenue	**2,754**	1,899	45
Revenues, net of interest expense	**$ 7,187**	$ 5,388	33%
Operating expenses	**3,521**	2,976	18
Provisions for loan losses and for benefits and claims	**1,985**	1,216	63
Income before taxes and minority interest	**$ 1,681**	$ 1,196	41%
Income taxes	**413**	241	71
Minority interest, net of taxes	**5**	2	NM
Net income	**$ 1,263**	$ 953	33%
Revenues, net of interest expense, by region:			
Mexico	**$ 1,458**	$ 1,377	6%
EMEA	**1,861**	1,446	29
Japan Cards and Retail Banking	**334**	181	85
Asia	**1,691**	1,359	24
Latin America	**1,537**	591	NM
Subtotal	**$ 6,881**	$ 4,954	39%
Japan Consumer Finance	**$ 306**	$ 434	(29)
Total revenues	**$ 7,187**	$ 5,388	33%
Net income by region			
Mexico	**$ 340**	$ 372	(9)%
EMEA	**66**	83	(20)
Japan Cards and Retail Banking	**61**	36	69
Asia	**370**	383	(3)
Latin America	**495**	70	NM
Subtotal	**$ 1,332**	$ 944	41%
Japan Consumer Finance	**(69)**	9	NM
Total net income	**$ 1,263**	$ 953	33%
Average assets *(in billions of dollars)*	**$ 260**	$ 199	31%
Return on assets	**1.95%**	1.94%	
Key indicators *(in billions of dollars)*			
Average loans	**$ 164.2**	$ 126.0	30%
Average deposits	**189.6**	154.2	23
EOP AUMs	**$ 163.6**	$ 138.5	18
Total branches	**4,872**	4,652	5

NM
Not meaningful

1Q08 vs. 1Q07

Net Interest Revenue increased 27%, driven by 30% growth in average loans and 23% growth in average deposits, including the impact of the acquisitions of Grupo Financiero Uno, Egg, Grupo Cuscatlan, and Bank of Overseas Chinese. The impact of foreign currency translation also contributed to the increase in revenues.

Non-Interest Revenue increased 45%, primarily due to a $663 million gain on Redecard shares and a $97 million gain on the Initial Public Offering (IPO) of Visa shares, partially offset by a gain of $107 million on the sale of MasterCard shares in the prior-year period. The increase is also driven by a 41% increase in Cards purchase sales, a 14% increase in investment AUMs, and acquisitions, (including Nikko Cordial.)

Operating expenses increased by 18%, reflecting acquisitions, higher business volume and a repositioning charge of $106 million, partially offset by a $257 million benefit related to a legal vehicle restructuring in Mexico. The impact of foreign currency translation also contributed to the increase in expenses.

Provisions for loan losses and for benefits and claims increased 63%, primarily driven by Mexico and India, as well as by acquisitions and portfolio growth.

In Japan Consumer Finance, a net loss of $69 million reflected the difficult operating environment and the ongoing impact of consumer lending laws passed in the fourth quarter 2006.

MARKETS & BANKING

Markets & Banking provides a broad range of trading, investment banking, and commercial lending products and services to companies, governments, institutions and investors in approximately 100 countries. Markets & Banking includes *Securities and Banking*, *Transaction Services* and Other.

In millions of dollars	First Quarter 2008	First Quarter 2007	% Change
Net interest revenue	**$ 4,356**	$ 2,462	77%
Non-interest revenue	**(8,832)**	6,464	NM
Revenues, net of interest expense	**$ (4,476)**	$ 8,926	NM
Operating expenses	**5,298**	5,127	3%
Provision for credit losses	**249**	254	(2)
Income (loss) before taxes and minority interest	**$ (10,023)**	$ 3,545	NM
Income taxes (benefits)	**(4,367)**	869	NM
Minority interest, net of taxes	**15**	15	
Net income (loss)	**$ (5,671)**	$ 2,661	NM
Revenues, net of interest expense, by region:			
U.S.	**$ (7,466)**	$ 3,683	NM
Mexico	**203**	227	(11)%
EMEA	**133**	2,827	(95)
Japan	**202**	212	(5)
Asia	**1,827**	1,404	30
Latin America	**625**	573	9
Total revenues	**$ (4,476)**	$ 8,926	NM
Total revenues, net of interest expense by product:			
Securities and Banking	**$ (6,823)**	$ 7,277	NM
Transaction Services	**2,347**	1,650	42%
Other		(1)	100
Total revenues	**$ (4,476)**	$ 8,926	NM
Net income (loss) by region:			
U.S.	**$ (5,444)**	$ 1,039	NM
Mexico	**101**	114	(11)
EMEA	**(1,142)**	694	NM
Japan	**(145)**	35	NM
Asia	**725**	561	29
Latin America	**234**	218	7
Total net income (loss)	**$ (5,671)**	$ 2,661	NM
Total net income (loss) by product:			
Securities and Banking	**$ (6,401)**	$ 2,211	NM
Transaction Services	**732**	449	63%
Other	**(2)**	1	NM
Total net income(loss)	**$ (5,671)**	$ 2,661	NM

First Quarter

NM
Not meaningful

1Q08 vs. 1Q07

Revenues, net of interest expense, were negative in *Securities and Banking* due to substantial write-downs and losses related to the fixed income and credit markets. Included in these losses are $6.0 billion of write-downs on subprime-related direct exposure, $3.1 billion of write-downs (net of underwriting fees) on funded and unfunded highly leveraged finance commitments, $1.5 billion of downward credit market value adjustments related to exposure to monoline insurers, and $1.5 billion of write-downs on auction rate securities inventory due to failed auctions and deterioration in the credit markets. *Transaction Services* revenues grew a record 42%, with records in all three businesses (cash management, securities services and trade) driven by strong growth in customer liability balances and assets under custody.

Operating expenses increased due to *Transaction Services'* increased business volumes and the acquisition of The Bisys Group. Expenses decreased in *Securities and Banking* from a decline in incentive compensation costs, partially offset by a $295 million repositioning charge.

The *provision for credit losses* decreased, due primarily to the absence of a $290 million net charge to increase loan loss reserves in the prior-year period, offset by an increase in net credit losses of $123 million and a $157 million incremental charge to increase loan loss reserves for specific counterparties.

GLOBAL WEALTH MANAGEMENT

Global Wealth Management is composed of the *Smith Barney* Private Client businesses (including Citigroup Wealth Advisors, Nikko Cordial, Quilter and the Citicorp Investment Services business), Citi *Private Bank* and Citi Investment Research.

In millions of dollars	First Quarter 2008	First Quarter 2007	% Change
Net interest revenue	**$ 571**	$ 529	8%
Non-interest revenue	**2,703**	2,289	18
Revenues, net of interest expense	**$ 3,274**	$ 2,818	16%
Operating expenses	**2,780**	2,102	32
Provision for loan losses	**21**	17	24
Income before taxes and minority interest	**$ 473**	$ 699	(32)%
Income taxes	**168**	251	(33)
Minority interest, net of taxes	**6**		
Net income	**$ 299**	$ 448	(33)%
Revenues, net of interest expense, by region:			
U.S.	**$ 2,377**	$ 2,385	
Mexico	**37**	36	3%
EMEA	**170**	108	57
Japan	**415**		
Asia	**212**	234	(9)
Latin America	**63**	55	15
Total revenues	**$ 3,274**	$ 2,818	16%
Net income by region:			
U.S.	**$ 163**	$ 361	(55)%
Mexico	**12**	12	
EMEA	**26**	7	NM
Japan	**27**		
Asia	**56**	65	(14)
Latin America	**15**	3	NM
Total net income	**$ 299**	$ 448	(33)%
Key indicators: *(in billions of dollars)*			
Total assets under fee-based management	**$ 482**	$ 418	15%
Total client assets(1)	**1,707**	1,493	14
Net client asset flows	**$ (1)**	$ 6	NM
Financial advisors (FA) / bankers(1)	**15,241**	13,605	12
Annualized revenue per FA / banker *(in thousands of dollars)*	**858**	837	3
Average deposits and other customer liability balances	**129**	113	14
Average loans	**64**	46	39

(1)

During the second quarter of 2007, U.S. Consumer's *Retail Distribution* transferred approximately $47 billion of client assets, 686 Financial Advisors and 79 branches to *Smith Barney* related to the consolidation of Citicorp Investment Services (CIS) into *Smith Barney*.

NM

Not meaningful

1Q08 vs. 1Q07

Revenues, net of interest expense, increased 16% primarily due to the impact of the Nikko Cordial acquisition, an increase in fee-based revenues reflecting the continued advisory-based strategy, an increase in Structured Lending revenue in the U.S., and an increase in international revenues driven mainly by growth in Banking and Capital Markets revenue in *EMEA*.

Total client assets, including assets under fee-based management, increased $214 billion, or 14%, mainly reflecting the inclusion of client assets from Nikko Cordial. Net flows declined compared to the prior year, to ($1) billion from $6 billion. GWM had 15,241 financial advisors/bankers as of March 31, 2008, compared with 13,605 as of March 31, 2007, driven by the Nikko Cordial acquisition and the consolidation of the legacy Citicorp Investment Services business.

Operating expenses increased 32% primarily due to the impact of acquisitions, a reserve of $250 million related to an offer of facilitating the liquidation of investments in the Falcon fund for its clients, higher variable compensation and repositioning charges.

The *provision for loan losses* increased 24% to $21 million, primarily driven by higher write-offs of loans in Asia.

ALTERNATIVE INVESTMENTS

Alternative Investments (CAI) manages capital on behalf of Citigroup, as well as for third-party institutional and high-net-worth investors. CAI is an integrated alternative investment platform that manages a wide range of products across five asset classes, including private equity, hedge funds, real estate, structured products and managed futures.

In millions of dollars	First Quarter 2008	First Quarter 2007	% Change
Net interest revenue	**$ (34)**	$ (20)	(70)%
Non-interest revenue	**(324)**	582	NM
Total revenues, net of interest expense	**$ (358)**	$ 562	NM
Net realized and net change in unrealized gains	**$ (462)**	$ 444	NM
Fees, dividends and interest	**38**	35	9%
Other	**(46)**	(43)	(7)
Total proprietary investment activities revenues	**(470)**	436	NM
Client revenues(1)	**112**	126	(11)%
Total revenues, net of interest expense	**$ (358)**	$ 562	NM
Operating expenses	**498**	180	NM
Provision for loan losses		1	(100)%
Income (loss) before taxes and minority interest	**$ (856)**	$ 381	NM
Income taxes	**(304)**	138	NM
Minority interest, net of taxes	**(43)**	21	NM
Net income (loss)	**$ (509)**	$ 222	NM
Revenue by product:			
Client(1)	**$ 112**	$ 126	(11)%
Private Equity	**$ 115**	$ 361	(68)%
Hedge Funds	**(257)**	47	NM
Other	**(328)**	28	NM
Proprietary	**$ (470)**	436	NM
Total	**$ (358)**	$ 562	NM
Key indicators: *(in billions of dollars)*			
Capital under management:			
Client	**$ 43.4**	$ 42.9	1%
Proprietary	**10.9**	10.8	1
Total	**$ 54.3**	$ 53.7	1%

(1)

Includes fee income.

NM

Not meaningful

The *Proprietary Portfolio* of CAI consists of private equity, single- and multi-manager hedge funds, real estate and Legg Mason, Inc. (Legg Mason) preferred shares. Private equity, which constitutes the largest proprietary investments on both a direct and an indirect basis, is in the form of equity and mezzanine debt financing in companies across a broad range of industries worldwide, including investments in developing economies. Such investments include Citigroup Venture Capital International Brazil, LP (CVC/Brazil, formerly CVC/Opportunity Equity Partners, LP), which has invested primarily in companies privatized by the government of Brazil in the mid-1990s.

The Company's investment in CVC/Brazil was previously subject to a variety of unresolved matters, including the pending litigation involving some of its portfolio companies. On April 25, 2008, the Company executed settlement agreements which resolved these litigation uncertainties. The resolution of these uncertainties will facilitate the sale of certain portfolio companies. Certain sales transactions may be subject to regulatory approvals.

The *Client Portfolio* is composed of single- and multi-manager hedge funds, real estate, managed futures, private equity, and a variety of leveraged fixed income products (credit structures). Products are distributed to investors directly by CAI and through GWM's *Private Bank* and *Smith Barney* platforms. Revenue includes management and performance fees earned on the portfolio.

The remaining 8.4 million shares of Legg Mason were sold during the first quarter of 2008.

On July 2, 2007, the Company completed the acquisition of Old Lane Partners, LP and Old Lane Partners, GP, LLC (Old Lane). Old Lane is the manager of a global, multi-strategy hedge fund and a private equity fund with total assets under management and private equity commitments of approximately $4.5 billion. In the first quarter of 2008, Old Lane notified investors in its multi-strategy hedge fund that they would have the opportunity to redeem their investments in the fund, without restriction, effective July 31, 2008. In April 2008, substantially all unaffiliated investors had notified Old Lane of their intention to redeem their investments. The Company is currently evaluating alternatives for the restructuring of the Old Lane multi-strategy hedge fund.

On February 20, 2008, the Company entered into a $500 million credit facility with the Falcon multi-strategy fixed income funds (Falcon funds) managed by CAI. As a result of providing this facility, the Company became the primary beneficiary of the Falcon funds and consolidated the assets and liabilities in its Consolidated Balance Sheet. On March 31, 2008, the total assets of the Falcon funds were approximately $4 billion.

On March 3, 2008, the Company made an equity investment of $661 million (under a $1 billion commitment) which provides for gain sharing with unaffiliated investors, in the Municipal Opportunity Funds (MOFs). MOFs are funds managed by Alternative Investments that make leveraged investments in tax-exempt municipal bonds and accept investments through feeder funds known as ASTA and MAT. As a result of the Company's equity commitment, the Company became the primary beneficiary of the MOFs and consolidated the assets and liabilities in its Consolidated Balance Sheet. On March 31, 2008, the total assets of the MOFs were approximately $2 billion.

1Q08 vs. 1Q07

Revenues, net of interest expense, of $(358) million for the first quarter of 2008 decreased $920 million.

Total proprietary investment activity revenues, of $(470) million for the first quarter of 2008 were composed of revenues from private equity of $115 million, hedge funds of $(257) million and other investment activity of $(328) million. Private equity revenue decreased $246 million from the first quarter of 2007, driven by lower gains. Hedge fund revenue decreased $304 million, largely due to lower investment performance. Other investment activities revenue decreased $356 million from the first quarter of 2007, largely due to a $212 million MTM loss in the SIVs and lower investment performance. Client revenues decreased $14 million, reflecting lower performance of fixed income-oriented products, partially offset by the inclusion of Old Lane.

Operating expenses in the first quarter of 2008 of $498 million increased $318 million from the first quarter of 2007, primarily due to inclusion of Old Lane and the write down of $202 million of the intangible asset as a result of the offer to investors to redeem their investments in the Old Lane multi-strategy hedge fund.

Minority interest, net of taxes, in the first quarter of 2008 of $(43) million decreased $64 million from 2007, primarily due to lower gains related to underlying investments held by consolidated majority-owned legal entities. The impact of minority interest is reflected in fees, dividends, and interest, and net realized and net change in unrealized gains/(losses) consistent with proceeds received by minority interests.

Client capital under management of $43.4 billion at March 31, 2008 increased $0.5 billion from year-ago levels, due to the acquisition of Old Lane in 2007 and capital raised in private equity funds, offset by mark-to-market losses in fixed income-oriented products.

CORPORATE/OTHER

Corporate/Other includes treasury results, unallocated corporate expenses, offsets to certain line-item reclassifications reported in the business segments (intersegment eliminations), and unallocated taxes.

	First Quarter	
In millions of dollars	**2008**	**2007**
Net interest revenue	**$ (169)**	$ (35)
Non-interest revenue	**(259)**	51
Revenues, net of interest expense	**$ (428)**	$ 16
Operating expense	**125**	1,418
Provision for loan losses		
(Loss) before taxes and minority interest	**$ (553)**	$ (1,402)
Income taxes (benefits)	**120**	(491)
Minority interest, net of taxes	**(9)**	1
Net (loss)	**$ (664)**	$ (912)

1Q08 vs. 1Q07

Revenues, net of interest expense, decreased primarily due to mark-to-market losses on Nikko Cordial equity holdings in the current quarter, including a $212 million write-down of Nikko Cordial's interest in an equity investment, as well as the absence of a prior-year gain on the sale of certain corporate-owned assets.

Operating expenses, excluding the 2007 first quarter restructuring charge of $1,377 million, increased primarily due to lower intersegment eliminations, as well as higher technology and other unallocated expenses.

Income tax benefits decreased due to a lower pretax loss in the 2008 first quarter and additional taxes held at Corporate.

MANAGING GLOBAL RISK

Citigroup's risk management framework balances strong themed corporate oversight with well-defined independent risk management functions within each business. The Citigroup risk management framework is described in Citigroup's 2007 Annual Report on Form 10-K.

DETAILS OF CREDIT LOSS EXPERIENCE

In millions of dollars	1st Qtr. 2008	4th Qtr.(1) 2007	3rd Qtr.(1) 2007	2nd Qtr.(1) 2007	1st Qtr.(1) 2007
Allowance for loan losses at beginning of period	**$ 16,117**	$ 12,728	$ 10,381	$ 9,510	$ 8,940
Provision for loan losses					
Consumer	**$ 5,502**	$ 6,539	$ 4,622	$ 2,577	$ 2,452
Corporate	**249**	883	154	(57)	254
	$ 5,751	$ 7,422	$ 4,776	$ 2,520	$ 2,706
Gross credit losses					
Consumer					
In U.S. offices	**$ 2,357**	$ 1,914	$ 1,382	$ 1,264	$ 1,290
In offices outside the U.S.	**1,851**	1,601	1,617	1,346	1,341
Corporate					
In U.S. offices	**40**	596	18	22	7
In offices outside the U.S.	**97**	169	74	30	29
	$ 4,345	$ 4,280	$ 3,091	$ 2,662	$ 2,667
Credit recoveries					
Consumer					
In U.S. offices	**$ 179**	$ 168	$ 166	$ 175	$ 214
In offices outside the U.S.	**328**	341	279	343	286
Corporate					
In U.S. offices	**3**	15	1	9	18
In offices outside the U.S.	**33**	55	59	80	40
	$ 543	$ 579	$ 505	$ 607	$ 558
Net credit losses					
In U.S. offices	**$ 2,215**	$ 2,327	$ 1,233	$ 1,102	$ 1,065
In offices outside the U.S.	**1,587**	1,374	1,353	953	1,044
Total	**3,802**	3,701	$ 2,586	$ 2,055	$ 2,109
Other net(2)(3)(4)(5)(6)	**$ 191**	$ (332)	$ 157	$ 406	$ (27)
Allowance for loan losses at end of period	**18,257**	16,117	$ 12,728	$ 10,381	$ 9,510
Allowance for unfunded lending commitments(7)	**$ 1,250**	$ 1,250	$ 1,150	$ 1,100	$ 1,100
Total allowance for loan losses and unfunded lending commitments	**$ 19,507**	$ 17,367	$ 13,878	$ 11,481	$ 10,610
Net consumer credit losses	**$ 3,701**	$ 3,006	$ 2,554	$ 2,092	$ 2,131
As a percentage of average consumer loans	**2.50%**	2.02%	1.81%	1.56%	1.70%

In millions of dollars	1st Qtr. 2008	4th Qtr.(1) 2007	3rd Qtr.(1) 2007	2nd Qtr.(1) 2007	1st Qtr.(1) 2007
Net corporate credit losses/(recoveries)	**$ 101**	$ 695	$ 32	$ (37)	$ (22)
As a percentage of average corporate loans	**0.05%**	0.34%	0.02%	NM	NM

(1)
Reclassified to conform to the current period's presentation

(2)
The first quarter of 2008 primarily includes reductions to the credit loss reserves of $58 million related to securitizations, additions of $50 million related to the Bank of Overseas Chinese acquisition and additions mainly related to foreign currency translation.

(3)
The fourth quarter of 2007 primarily includes reductions to the credit loss reserves of $150 million related to securitizations and $7 million related to transfers to Loans held-for-sale, reductions of $151 million related to purchase price adjustments to the Egg Bank acquisition and reductions of $83 million related to the transfer of the U.K. Citifinancial portfolio to Loans held-for-sale.

(4)
The third quarter of 2007 primarily includes additions related to purchase accounting adjustments related to the acquisition of Grupo Cuscatlan of $181 million offset by reductions of $73 million related to securitizations.

(5)
The second quarter of 2007 primarily includes additions to the loan loss reserve of $505 million related to the acquisition of Egg and Nikko Cordial, partially offset by reductions of $70 million related to securitizations and $77 million related to a balance sheet reclassification to Loans held-for-sale in the U.S. Cards portfolio.

(6)
The first quarter of 2007 includes reductions to the loan loss reserve of $98 million related to a balance sheet reclassification to Loans held-for-sale in the U.S. Cards portfolio and the addition of $75 million related to the acquisition of Grupo Financiero Uno.

(7)
Represents additional credit loss reserves for unfunded corporate lending commitments and letters of credit recorded within Other Liabilities on the Consolidated Balance Sheet.

NM
Not meaningful

Consumer Loan Balances, Net of Unearned Income

	End of Period			Average		
In billions of dollars	**Mar. 31, 2008**	**Dec. 31,(1) 2007**	**Mar. 31,(1) 2007**	**1st Qtr. 2008**	**4th Qtr.(1) 2007**	**1st Qtr.(1) 2007**
On-balance sheet(2)	**$ 593.0**	$ 587.7	$ 512.2	**$ 595.6**	$ 585.2	$ 507.9
Securitized receivables (all in *U.S. Cards*)	**109.3**	108.1	98.6	**105.6**	99.6	97.3
Credit card receivables held-for-sale(3)	**0.9**	1.0	3.0	**1.0**	2.7	3.0
Total managed(4)	**$ 703.2**	$ 696.8	$ 613.8	**$ 702.2**	$ 687.5	$ 608.2

(1) Reclassified to conform to current period's presentation.

(2) Total loans and total average loans exclude certain interest and fees on credit cards of approximately $2 billion and $2 billion for the first quarter of 2008, approximately $3 billion and $3 billion for the fourth quarter of 2007 and approximately $2 billion and $2 billion for the first quarter of 2007, respectively, which are included in Consumer Loans on the Consolidated Balance Sheet.

(3) Included in Other Assets on the Consolidated Balance Sheet.

(4) This table presents loan information on a held basis and shows the impact of securitizations to reconcile to a managed basis. Although a managed basis presentation is not in conformity with GAAP, the Company believes managed credit statistics provide a representation of performance and key indicators of the credit card business that are consistent with the way management reviews operating performance and allocates resources. Held-basis reporting is the related GAAP measure.

Citigroup's total allowance for loans, leases and unfunded lending commitments of $19.5 billion is available to absorb probable credit losses inherent in the entire portfolio. For analytical purposes only, the portion of Citigroup's allowance for loan losses attributed to the Consumer portfolio was $14.4 billion at March 31, 2008, $12.4 billion at December 31, 2007 and $6.3 billion at March 31, 2007. The increase in the allowance for loan losses from March 31, 2007 of $8.1 billion included net builds of $7.9 billion.

The builds consisted of $7.8 billion in Global Consumer ($6.2 billion in U.S. Consumer and $1.6 billion in International Consumer), and $93 million in Global Wealth Management.

The build of $6.2 billion in U.S. Consumer primarily reflected an increase in the losses embedded in the portfolio based on weakening leading credit indicators, including increased delinquencies on first and second mortgages, unsecured personal loans, credit cards, and auto loans. Also, the build reflected trends in the U.S. macroeconomic environment, including the housing market downturn, rising unemployment rates and portfolio growth. The build of $1.6 billion in International Consumer primarily reflected portfolio growth and the impact of recent acquisitions and credit deterioration in certain countries.

On-balance-sheet consumer loans of $593.0 billion increased $80.8 billion, or 16%, from March 31, 2007, primarily driven by *U.S. Consumer Lending, U.S. Retail Distribution, International Cards, International Retail Banking* and *Private Bank*. Net credit losses, delinquencies and the related ratios are affected by the credit performance of the portfolios, including bankruptcies, unemployment, global economic conditions, portfolio growth and seasonal factors, as well as macro-economic and regulatory policies.

EXPOSURE TO U.S. RESIDENTIAL REAL ESTATE

Subprime-Related Direct Exposure in *Securities and Banking*

The following table summarizes Citigroup's U.S. subprime-related direct exposures in *Securities and Banking (S&B)* at March 31, 2008 and December 31, 2007:

In billions of dollars	December 31, 2007 exposures	First quarter 2008 write-downs	First quarter 2008 sales/transfers(1)	March 31, 2008 exposures
Direct ABS CDO Super Senior Exposures:				
Gross ABS CDO Super Senior Exposures (A)	$ 39.8			$ 33.2
Hedged Exposures (B)	10.5			10.5
Net ABS CDO Super Senior Exposures:				
ABCP/CDO(2)	$ 20.6	$ (3.1)	$ (0.7)	$ 16.8(4)
High grade	4.9	(1.0)	(0.1)	3.8(5)
Mezzanine	3.6	(1.5)(3)	(0.1)	2.0(6)
ABS CDO-squared	0.2	(0.1)(3)	(0.0)	0.1
Total Net Direct ABS CDO Super Senior Exposures (A-B)=(C)	$ 29.3	$ (5.7)	$ (0.9)	$ 22.7
Lending & Structuring Exposures:				
CDO warehousing/unsold tranches of ABS CDOs	$ 0.2	$ (0.1)	$ 0.1	$ 0.2
Subprime loans purchased for sale or securitization	4.0	(0.2)	(0.2)	3.6
Financing transactions secured by subprime	3.8	(0.0)	(1.1)	2.6
Total Lending and Structuring Exposures (D)	$ 8.0	$ (0.3)	$ (1.2)	$ 6.4
Total Net Exposures (C+D)(7)	$ 37.3	$ (6.0)	$ (2.1)	$ 29.1
Credit Adjustment on Hedged Counterparty Exposures (E)(8)		$ (1.5)		
Total Net Write-Downs (C+D+E)		$ (7.5)		

(1) Reflects sales, transfers, repayment of principal and liquidations.

(2) Super senior tranches of older vintage, high grade ABS CDOs. During the fourth quarter of 2007 these were consolidated on Citigroup's balance sheet.

(3) Includes $79 million recorded in credit costs.

(4)

The $16.8 billion of ABCP/CDO exposure as of March 31, 2008 is comprised of the following vintages (41% of 2004 or prior) (40% of 2005) and (19% of 2006 or later).

(5)
The $3.8 billion of High grade exposure as of March 31, 2008 is comprised of the following vintages (6% of 2004 or prior) (14% of 2005) and (80% of 2006 or later).

(6)
The $2.0 billion of Mezzanine exposure as of March 31, 2008 is comprised of the following vintages (8% of 2004 or prior) (41% of 2005) and (51% of 2006 or later).

(7)
Comprised of net CDO Super Senior exposures and gross Lending and Structuring exposures.

(8)
SFAS 157 adjustment related to counterparty credit risk.

Subprime-Related Direct Exposure in *Securities and Banking*

The Company had approximately $29.1 billion in net U.S. subprime-related direct exposures in its *Securities and Banking* business at March 31, 2008.

The exposure consisted of (a) approximately $22.7 billion of net exposures in the super senior tranches (i.e., most senior tranches) of collateralized debt obligations which are collateralized by asset-backed securities, derivatives on asset-backed securities or both (ABS CDOs), and (b) approximately $6.4 billion of subprime-related exposures in its lending and structuring business.

Direct ABS CDO Super Senior Exposures

The net $22.7 billion in ABS CDO super senior exposures as of March 31, 2008 is collateralized primarily by subprime residential mortgage-backed securities (RMBS), derivatives on RMBS or both. These exposures include $16.8 billion in commercial paper (ABCP) issued as the super senior tranches of ABS CDOs and approximately $5.9 billion of other super senior tranches of ABS CDOs.

Citigroup's CDO super senior subprime direct exposures, $22.7 billion at March 31, 2008, are Level 3 assets and are subject to valuation based on significant unobservable inputs. Accordingly, fair value of these exposures is based on estimates of future cash flows from the mortgage loans underlying the assets of the of the ABS CDOs. To determine the performance of the underlying mortgage loan portfolios , the Company estimates the prepayments, defaults and loss severities based on a number of macro-economic factors, including housing price changes, unemployment rates and interest rates and borrower and loan attributes such as age, credit scores, documentation status, loan-to-value (LTV) ratios, and debt-to-income (DTI) ratios. The model is calibrated using available mortgage loan information including historical loan performance. In addition, the methodology estimates the impact of geographic concentration of mortgages, and the impact of reported fraud in the origination of subprime mortgages. An appropriate discount rate is then applied to the cash flows generated for each super senior ABS CDO tranches, in order to estimate its current fair value.

When necessary, the valuation methodology used by Citigroup is refined and the inputs used for the purposes of estimation are modified, in part, to reflect ongoing market developments. More specifically, two refinements were made during the first quarter of 2008: a more direct method of calculating estimated housing-price changes and a more refined method for calculating the discount rate. During the fourth quarter 2007, housing-price changes were estimated using a series of factors including projected national housing-price changes. During the first quarter of 2008 housing-price changes were estimated using a forward looking projection based on the S&P Case-Shiller Home Price Index. This change facilitates a more direct estimation of subprime house price changes. The valuation of the Company's direct ABS CDO super senior exposures as of March 31, 2008 assumes a cumulative decline in U.S. house prices from peak to trough of 20%. This consists of the 9% decline observed pre-2008, with additional assumed declines of 8% and 3% in 2008 and 2009, respectively. Prior to the first quarter of 2008, the discount rate used was based on observable CLO spreads applicable to the assumed rating of each ABS CDO super senior tranche. During the first quarter of 2008, the discount rate was based on a weighted average combination of the implied spreads from single named ABS bond prices, ABX indices and CLO spreads depending on vintage and asset types. This refinement was made, in part, in response to the combination of continuing rating agency downgrades of RMBS and ABS CDOs and the absence of observable CLO spreads at the resulting rating levels.

The primary drivers that currently impact the super senior valuations are the discount rates used to calculate the present value of projected cash flows and projected mortgage loan performance. In valuing its direct ABS CDO super senior exposures, the Company has made its best estimate of the key inputs that should be used in its valuation methodology. However, the size and nature of these positions as well as current market conditions are such that changes in inputs such as the discount rates used to calculate the present value of the cash flows can have a significant impact on the reported value of these exposures. For instance, each 10 basis point change in the discount rate used generally results in an approximate $90 million change in the fair value of the Company's direct ABS CDO super senior exposures as at March 31, 2008. This applies to both decreases in the discount rate (which would increase the value of these assets and reduce reported losses) and increases in the discount rate (which would decrease the value of these assets and increase reported losses).

Estimates of the fair value of the CDO super senior exposures depend on market conditions and are subject to further change over time. In addition, while Citigroup believes that the methodology used to value these exposures is reasonable, the methodology is subject to continuing refinement, including those made as a result of market developments. Further, any observable transactions in respect of some or all of these exposures could be employed in the fair valuation process in accordance with and in the manner called for by SFAS 157.

Lending and Structuring Exposures

The $6.4 billion of subprime-related exposures includes approximately $0.2 billion of CDO warehouse inventory and unsold tranches of ABS CDOs, approximately $3.6 billion of actively managed subprime loans purchased for resale or securitization, at a discount to par, during 2007, and approximately $2.6 billion of financing transactions with customers secured by subprime collateral. These amounts represent fair value determined based on observable inputs and other market data. The majority of the change reflects sales, transfers and liquidations.

S&B also has trading positions, both long and short, in U.S. subprime RMBS and related products, including ABS CDOs, which are not included in the figures above. The exposure from these positions is actively managed and hedged, although the effectiveness of the hedging products used may vary with material changes in market conditions.

Direct Exposure to Monolines

In its Securities and Banking business, the Company has exposure to various monoline bond insurers listed in the table below ("Monolines") from hedges on certain investments and from trading positions. The hedges are composed of credit default swaps and other hedge instruments. The Company recorded an additional $1.5 billion in credit market value adjustments during the first quarter of 2008 on the market value exposures to the Monolines as a result of widening credit spreads.

The following table summarizes the net market value of the Company's direct exposures to and the corresponding notional amount of transactions with the various Monolines as of March 31, 2008 and December 31, 2007 in Securities and Banking:

	March 31, 2008		
In millions of dollars at March 31, 2008	**Net Market Value Exposure**	**Notional Amount of Transactions**	**Net Market Value Exposure December 31, 2007**
Direct Subprime ABS CDO Super Senior:			
AMBAC	$ 2,946	$ 5,485	$ 1,815
FGIC	1,031	1,460	909
ACA	531	600	438
Radian			100
Subtotal Direct Subprime ABS CDO Super Senior	**$ 4,508**	**$ 7,545**	**$ 3,262**
Trading Assets Subprime:			
AMBAC	$ 1,207	$ 1,400	$ 1,150
Trading Assets Subprime	**$ 1,207**	**$ 1,400**	**$ 1,150**
Trading Assets Non Subprime:			
MBIA	$ 1,386	$ 5,874	$ 395
FSA			121
ACA	122	1,938	50
Assured	47	503	7
Radian	13	350	5
AMBAC	(7)	1,759	
Trading Assets Non Subprime	**$ 1,571**	**$ 14,345**	**$ 578**
Subtotal Trading Assets	**$ 2,778**	**$ 15,745**	**$ 1,728**
Credit Market Value Adjustment	**$ (2,461)**		$ (967)
Total Net Market Value Direct Exposure	**$ 4,825**		$ 4,023

As of March 31, 2008 and December 31, 2007, the Company had $10.5 billion notional amount of hedges against its Direct Subprime ABS CDO Super Senior positions. Of that $10.5 billion, $7.6 billion was purchased from Monolines and is included in notional amount of transactions in the table above. The net market value of the hedges provided by the Monolines against our Direct Subprime ABS CDO Super Senior positions was $4.5 billion as of March 31, 2008 and $3.3 billion as of December 31, 2007.

In addition, there was $2.8 billion and $1.7 billion of net market value exposure to Monolines related to our trading assets as of March 31, 2008 and December 31, 2007, respectively. Trading assets include trading positions, both long and short, in U.S. subprime residential mortgage-backed securities (RMBS) and related products, including ABS CDOs. There were $1.4 billion in notional amount of transactions related to subprime positions with a net market value exposure of $1.2 billion as of March 31, 2008 and December 31, 2007. The notional amount of transactions related to the remaining non-subprime trading assets as of March 31, 2008 was $14.3 billion with a corresponding net market value exposure of $1.6 billion. The $14.3 billion notional amount of transactions comprised $6.1 billion primarily in interest rate swaps with a corresponding net market value exposure of $40 million. The remaining notional amount of $8.2 billion was in the form of credit default swaps and total return swaps with a net market value exposure of $1.531 billion.

The corresponding amounts for the notional amount of transactions related to the remaining non-subprime trading assets of December 31, 2007 was $11.3 billion with a corresponding net market value exposure of $578 million. The $11.3 billion notional amount of transactions comprised $4.1 billion primarily in interest rate swaps with a corresponding net market value exposure of $34 million. The remaining notional amount of $7.2 billion was in the form of credit default swaps and total return swaps with a net market value of $544 million.

The net market value exposure, net of payable and receivable positions, represents the market value of the contract as of March 31, 2008. The notional amount of the transactions, including both long and short positions, is used as a reference value to calculate payments. The credit market value adjustment is a downward adjustment to the net market value exposure to a counterparty to reflect the counterparty's creditworthiness.

In Global Consumer, the Company has purchased mortgage insurance from various monoline mortgage insurers on first mortgage loans. The notional amount of this insurance protection is approximately $600 million with nominal pending claims against this notional amount.

In addition, Citigroup has indirect exposure to Monolines in various other parts of its businesses. For example, corporate or municipal bonds in the trading business may be insured by the Monolines. In this case, Citigroup is not a party to the insurance contract. The previous table does not capture this type of indirect exposure to the Monolines.

Exposure to Commercial Real Estate

In its *Securities and Banking* and Alternative Investments businesses, the Company, through its business activities and as a capital markets participant, incurs exposures that are directly or indirectly tied to the global commercial real estate market. These exposures are represented primarily by the following three categories:

(1) Assets held at fair value: approximately $16 billion of securities, loans and other items linked to commercial real estate that are carried at fair value as Trading assets, approximately $5 billion of commercial real estate loans and loan commitments classified as held-for-sale and measured at the lower of cost or market (LOCOM), and approximately $2 billion of securities backed by commercial real estate carried at fair value as available-for-sale Investments. Changes in fair value for these Trading assets and held-for-sale loans and loan commitments are reported in current earnings, while changes in fair value for these available for sale Investments are reported in OCI with other than temporary impairments reported in current earnings.

The majority of these exposures are classified as Level 3 in the fair value hierarchy. In recent months, weakening activity in the trading markets for some of these instruments resulted in reduced liquidity, thereby decreasing the observable inputs for such valuations and could have an adverse impact on how these instruments are valued in the future if such conditions persist. Changes in the values of these positions are recognized through revenues.

(2) Loans and commitments: approximately $21 billion of commercial real estate loan exposures, including $12 billion of funded loans that are classified as held-for investment and $9 billion of unfunded loan commitments, all of which are recorded at cost less loan loss reserves. The impact from changes in credit is reflected in the calculation of the allowance for loan losses and in net credit losses.

(3) Equity and other investments: Approximately $6 billion of equity and other investments such as limited partner fund investments.

CITIGROUP DERIVATIVES

Notionals(1)

	Trading derivatives(2)		Asset/liability management hedges(3)	
In millions of dollars	**March 31, 2008**	**December 31, 2007**	**March 31, 2008**	**December 31, 2007**
Interest rate contracts				
Swaps	**$ 18,977,760**	$ 16,433,117	**$ 607,524**	$ 521,783
Futures and forwards	**2,345,714**	1,811,599	**180,841**	176,146
Written options	**3,667,458**	3,479,071	**23,061**	16,741
Purchased options	**3,871,563**	3,639,075	**119,537**	167,080
Total interest rate contract notionals	**$ 28,862,495**	$ 25,362,862	**$ 930,963**	$ 881,750
Foreign exchange contracts				
Swaps	**$ 1,012,926**	$ 1,062,267	**$ 70,257**	$ 75,622
Futures and forwards	**2,936,731**	2,795,180	**42,887**	46,732
Written options	**744,996**	653,535	**719**	292
Purchased options	**732,388**	644,744	**988**	686
Total foreign exchange contract notionals	**$ 5,427,041**	$ 5,155,726	**$ 114,851**	$ 123,332
Equity contracts				
Swaps	**$ 149,913**	$ 140,256	**$**	$
Futures and forwards	**34,543**	29,233		
Written options	**775,271**	625,157		
Purchased options	**746,779**	567,030		
Total equity contract notionals	**$ 1,706,506**	$ 1,361,676	**$**	$
Commodity and other contracts				
Swaps	**$ 35,346**	$ 29,415	**$**	$
Futures and forwards	**82,820**	66,860		
Written options	**25,563**	27,087		
Purchased options	**29,347**	30,168		
Total commodity and other contract notionals	**$ 173,076**	$ 153,530	**$**	$
Credit derivatives(4)				
Citigroup as the Guarantor:				
Credit default swaps	**$ 1,857,744**	$ 1,755,440	**$**	$
Total return swaps	**7,165**	12,121		
Credit default options	**85**	276		
Citigroup as the Beneficiary:				
Credit default swaps	**$ 2,021,534**	$ 1,890,611	**$**	$
Total return swaps	**21,226**	15,895		
Credit default options	**187**	450		
Total credit derivatives	**$ 3,907,941**	$ 3,674,793	**$**	$
Total derivative notionals	**$ 40,077,059**	$ 35,708,587	**$ 1,045,814**	$ 1,005,082

[Table Continues on the following page.]

Mark-to-Market (MTM) Receivables/Payables

In millions of dollars	Derivatives receivables MTM		Derivatives payables MTM	
	March 31, 2008	**December 31, 2007**	**March 31, 2008**	**December 31, 2007**
Trading Derivatives(2)				
Interest rate contracts	**$ 382,454**	$ 269,400	**$ 374,712**	$ 257,329
Foreign exchange contracts	**123,719**	77,942	**118,963**	71,991
Equity contracts	**31,075**	27,934	**49,619**	66,916
Commodity and other contracts	**12,380**	8,540	**12,929**	8,887
Credit derivatives:				
Citigroup as the Guarantor	**3,425**	4,967	**139,560**	73,103
Citigroup as the Beneficiary	**150,478**	78,426	**3,715**	11,191
Total	**$ 703,531**	$ 467,209	**$ 699,498**	$ 489,417
Less: Netting agreements, cash collateral and market value adjustments	**(579,050)**	(390,328)	**(573,515)**	(385,876)
Net Receivables/Payables	**$ 124,481**	$ 76,881	**$ 125,983**	$ 103,541
Asset/Liability Management Hedges(3)				
Interest rate contracts	**$ 6,157**	$ 8,529	**$ 9,973**	$ 7,176
Foreign exchange contracts	**992**	1,634	**769**	972
Total	**$ 7,149**	$ 10,163	**$ 10,742**	$ 8,148

(1) Includes the notional amounts for long and short derivative positions.

(2) Trading Derivatives include proprietary positions, as well as hedging derivatives instruments that do not qualify for hedge accounting in accordance with SFAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities"* (SFAS 133).

(3) Asset/Liability Management Hedges include only those end-user derivative instruments where the changes in market value are recorded to other assets or other liabilities.

(4) Credit Derivatives are arrangements designed to allow one party (the "beneficiary") to transfer the credit risk of a "reference asset" to another party (the "guarantor"). These arrangements allow a guarantor to assume the credit risk associated with the reference assets without directly purchasing it. The Company has entered into credit derivatives positions for purposes such as risk management, yield enhancement, reduction of credit concentrations, and diversification of overall risk.

Credit Derivatives

The Company makes markets in and trades a range of credit derivatives, both on behalf of clients as well as for its own account. Through these contracts the Company either purchases or writes protection on either a single-name or portfolio basis. The Company uses credit derivatives to help mitigate credit risk in its corporate loan portfolio and other cash positions, to take proprietary trading positions, and to facilitate client transactions.

Credit derivatives generally require that the seller of credit protection make payments to the buyer upon the occurrence of predefined events (settlement triggers). These settlement triggers are defined by the form of the derivative and the referenced credit and are generally limited to the market standard of failure to pay on indebtedness and bankruptcy of the reference credit and, in a more limited range of transactions, debt restructuring. Credit derivative transactions referring to emerging market reference credits will also typically include additional settlement triggers to cover the acceleration of indebtedness and the risk of repudiation or a payment moratorium. In certain transactions on a portfolio of referenced credits or asset-backed securities, the seller of protection may not be required to make payment until a specified amount of losses has occurred with respect to the portfolio and/or may only be required to pay for losses up to a specified amount.

The following tables summarize the key characteristics of the Company's credit derivative portfolio by activity, counterparty and derivative form as of March 31, 2008 and December 31, 2007:

March 31, 2008:

	Market values		Notionals	
In millions of dollars	Receivable	Payable	Beneficiary	Guarantor
Credit portfolio	**$ 63**	**$ 1,462**	**$ 91,909**	**$**
Dealer/client	**153,840**	**141,813**	**1,951,038**	**1,864,994**
Total	**$ 153,903**	**$ 143,275**	**$ 2,042,947**	**$ 1,864,994**
Bank	**$ 65,458**	**$ 69,937**	**$ 1,115,287**	**$ 1,050,201**
Broker-dealer	**49,613**	**49,943**	**707,879**	**646,173**
Monoline	**7,360**	**113**	**15,660**	**961**
Non-financial	**524**	**901**	**11,458**	**10,390**
Insurance and other financial institutions	**30,948**	**22,381**	**192,663**	**157,269**
Total	**$ 153,903**	**$ 143,275**	**$ 2,042,947**	**$ 1,864,994**
Credit default swaps and options	**$ 152,973**	**$ 142,527**	**$ 2,021,721**	**$ 1,857,829**
Total return swaps and other	**930**	**748**	**21,226**	**7,165**
Total	**$ 153,903**	**$ 143,275**	**$ 2,042,947**	**$ 1,864,994**

December 31, 2007(1):

	Market values		Notionals	
In millions of dollars	Receivable	Payable	Beneficiary	Guarantor
Credit portfolio	$ 626	$ 129	$ 91,228	$
Dealer/client	82,767	84,165	1,815,728	1,767,837
Total	$ 83,393	$ 84,294	$ 1,906,956	$ 1,767,837
Bank	$ 28,571	$ 34,425	$ 1,035,217	$ 970,831
Broker-dealer	28,183	31,519	633,745	585,549
Monoline	5,044	88	15,064	1,243
Non-financial	220	331	3,682	4,253
Insurance and other financial institutions	21,375	17,931	219,248	205,961
Total	$ 83,393	$ 84,294	$ 1,906,956	$ 1,767,837
Credit default swaps and options	$ 82,752	$ 83,015	$ 1,891,061	$ 1,755,716
Total return swaps and other	641	1,279	15,895	12,121
Total	$ 83,393	$ 84,294	$ 1,906,956	$ 1,767,837

(1)

Reclassified to conform to current period's presentation.

The market values shown are prior to the application of any netting agreements, cash collateral, and market or credit value adjustments.

The Company actively participates in trading a variety of credit derivatives products as both an active two-way market-maker for clients and to manage credit risk. During 2007, Citigroup and the industry experienced a material increase in trading volumes. The volatility and liquidity challenges in the credit markets during the third and fourth quarters drove derivatives trading volumes as credit derivatives became the instrument of choice for managing credit risk. The majority of this activity was transacted with other financial intermediaries, including both banks and broker-dealers.

During the full year 2007, the total notional amount of protection purchased and sold increased $906 billion and $824 billion, respectively, and by various market participants. The total market value increase of $69 billion for each protection purchased and sold was primarily due to an increase in volume growth of $63 billion and $62 billion, and market spread changes of $6 billion and $7 billion for protection purchased and sold, respectively.

During the first quarter of 2008, the total notional amount of protection purchased and sold increased $136 billion and $97 billion, respectively as volume continued to grow. The corresponding market value increased $71 billion for protection purchased and $59 billion for protection sold. These market value increases were primarily due to an increase in volume growth of $17 billion and $ 8 billion, and changes in market spreads of $54 billion and $51 billion, respectively.

The Company generally has a mismatch between the total notional amounts of protection purchased and sold, and it may hold the reference assets directly rather than entering into offsetting credit derivative contracts as and when desired. The open risk exposures from credit derivative contracts are largely matched after certain cash positions in reference assets are considered and after notional amounts are adjusted, either to a duration-based equivalent basis, or to reflect the level of subordination in tranched structures.

The Company actively monitors its counterparty credit risk in credit derivative contracts. Approximately 84% and 77% of the receivables as of March, 31 2008 and December 31, 2007, respectively, are from counterparties with which the Company maintains collateral agreements. A majority of the Company's top 15 counterparties (by receivable balance owed to the Company) are banks, financial institutions or other dealers. Contracts with these counterparties do not include ratings-based termination events. However, counterparty rating downgrades may have an incremental effect by lowering the threshold at which the Company may call for additional collateral. A number of the remaining significant counterparties are monolines. See page 24 for a discussion of the Company's exposure to monolines. The master agreements with these monoline insurance counterparties are generally unsecured, and the few ratings-based triggers (if any) generally provide the ability to terminate only upon significant downgrade. As with all derivative contracts, the Company considers counterparty credit risk in the valuation of its positions and recognizes credit valuation adjustments as appropriate. Recent reports and credit agency actions and announcements suggest that ratings downgrades of one or more monoline insurers are being contemplated.

MARKET RISK MANAGEMENT PROCESS

Market risk encompasses liquidity risk and price risk, both of which arise in the normal course of business of a global financial intermediary. Liquidity risk is the risk that an entity may be unable to meet a financial commitment to a customer, creditor, or investor when due. Liquidity risk is discussed in the "Capital Resources and Liquidity" section beginning on page 38. Price risk is the earnings risk from changes in interest rates, foreign exchange rates, equity and commodity prices, and in their implied volatilities. Price risk arises in non-trading portfolios, as well as in trading portfolios.

The exposures in the following table represent the approximate annualized risk to Net Interest Revenue assuming an unanticipated parallel instantaneous 100bp change, as well as a more gradual 100bp (25bps per quarter) parallel change in rates as compared with the market forward interest rates in selected currencies.

The exposures in the following tables do not include Interest Rate Exposures (IREs) for the Nikko Cordial portion of Citigroup's operations in *Japan* due to the unavailability of information. Nikko Cordial's IRE is primarily denominated in Japanese yen.

	March 31, 2008		**December 31, 2007**		**March 31, 2007**	
In millions of dollars	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
U.S. dollar						
Instantaneous change	**$ (1,423)**	**$ 1,162**	$ (940)	$ 837	$ (677)	$ 470
Gradual change	**$ (781)**	**$ 666**	$ (527)	$ 540	$ (335)	$ 348
Mexican peso						
Instantaneous change	**$ (20)**	**$ 20**	$ (25)	$ 25	$ 21	$ (21)
Gradual change	**$ 4**	**$ (4)**	$ (17)	$ 17	$ 21	$ (21)
Euro						
Instantaneous change	**$ (51)**	**$ 51**	$ (63)	$ 63	$ (123)	$ 123
Gradual change	**$ (39)**	**$ 39**	$ (32)	$ 32	$ (57)	$ 57
Japanese yen						
Instantaneous change	**$ 65**	**NM**	$ 67	NM	$ (38)	NM
Gradual change	**$ 43**	**NM**	$ 43	NM	$ (26)	NM
Pound sterling						
Instantaneous change	**$ (17)**	**$ 17**	$ (16)	$ 16	$ (22)	$ 22
Gradual change	**$ (4)**	**$ 4**	$ (4)	$ 4	$ (11)	$ 11

NM
Not meaningful. A 100 basis point decrease in interest rates would imply negative rates for the Japanese yen yield curve.

The changes in the U.S. dollar interest rate exposures from December 31, 2007 primarily reflect movements in customer-related asset and liability mix, as well as Citigroup's view of prevailing interest rates.

The following table shows the risk to NIR from six different changes in the implied forward rates. Each scenario assumes that the rate change will occur on a gradual basis every three months over the course of one year.

	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**	**Scenario 6**
Overnight rate change (bp)		100	200	(200)	(100)	
10-year rate change (bp)	(100)		100	(100)		100
Impact to net interest revenue *(in millions of dollars)*	$ (149)	$ (686)	$ (1,479)	$ 1,169	$ 620	$ (108)

For Citigroup's major trading centers, the aggregate pretax VAR in the trading portfolios was $393 million, $191 million, and $122 million at March 31, 2008, December 31, 2007, and March 31, 2007, respectively. Daily exposures averaged $341 million during the first quarter of 2008 and ranged from $308 million to $393 million.

The following table summarizes VAR to Citigroup in the trading portfolios at March 31, 2008, December 31, 2007, and March 31, 2007, including the Total VAR, the specific risk only component of VAR, and Total General market factors only, along with the quarterly averages:

In million of dollars	March 31, 2008(1)	First Quarter 2008 Average(1)	December 31, 2007	Fourth Quarter 2007 Average	March 31, 2007	First Quarter 2007 Average
Interest rate	**$ 281**	**$ 283**	$ 89	$ 97	$ 99	$ 95
Foreign exchange	**77**	**45**	28	28	29	28
Equity	**235**	**125**	150	129	77	70
Commodity	**53**	**47**	45	45	27	28
Covariance adjustment	**(253)**	**(159)**	(121)	(130)	(110)	(100)
Total All market risk factors, including general and specific risk	**$ 393**	**$ 341**	$ 191	$ 169	$ 122	$ 121